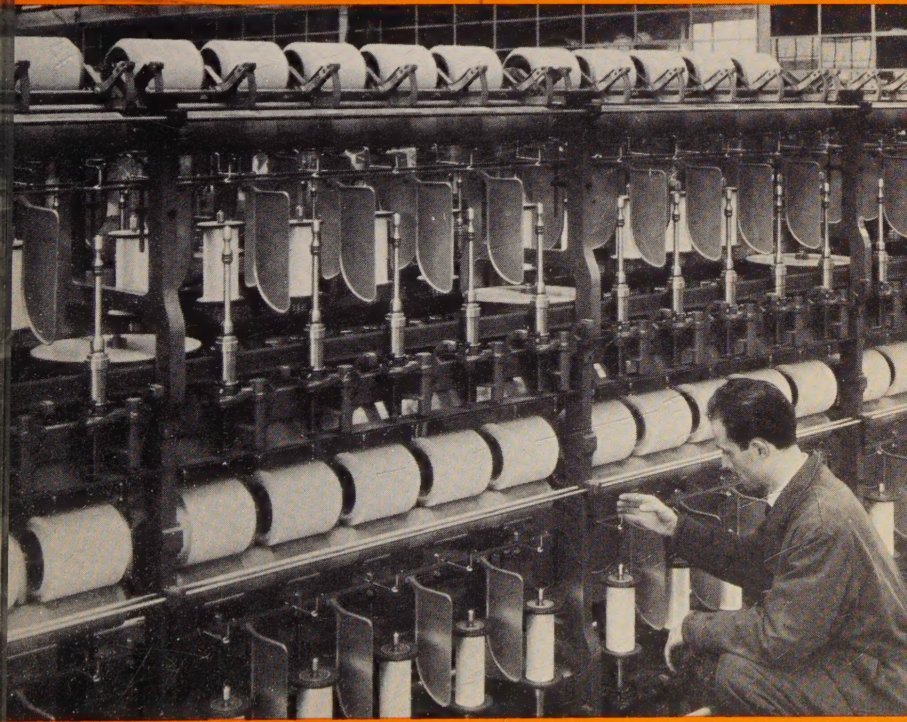
December 6, 1961

Investor's Reader

For a better understanding of business news



SHAPE SANS SEAMS

Big chemical fiber expert Chemstrand (now wholly owned by Monsanto) and little specialty textiler Liberty Fabrics take joint credit for at least some of the shapely aspects pictured at left. Liberty caters mainly to the bra & girdle trade and has for a number of years sought a moldable fabric to permit a seamless bra front and cup section which would permanently keep its shape. Chemstrand cooperated and came up with a nylon yarn whose molecular configuration provides unrecoverable stretch, the property which makes the fabric permanently moldable. The new fabric, called Libform, is sold by Liberty to bra manufacturers who do the actual shaping after designing their own molds.

The first manufacturer to market a Libform-molded bra was Peter Pan Foundations which launched its entry with a two-page color ad in the *New York Times* Sunday magazine. Macy's follow-up ad next day produced a sellout. A flock of other manufacturers have begun to market Libform bras or are about to. In January Kayser-Roth will introduce the first Libform version available in a wide range of colors under its Perma-Lift label. The series will wear the fractured French sobriquet "Ala Mold." Jantzen already has two bras on the market, will presently offer a swimsuit with a built-in molded bra. Jantzen also plans to market a separate Libform swim-bra. In all, Liberty has sold moldable Libform to more than 30 bra makers, including Formfit, Maidenform, Lovable and Sears Roebuck.

Liberty Fabrics, whose total 1960 sales came to only $6,000,000, hopefully speaks of Libform sales approximating $600,000 this year and perhaps "a couple of million next year." It also seeks bra-less uses for Libform which can be woven or knitted in about 30 different fabric types, including the lace in the Peter Pan bra shown here. Liberty is at work on gloves, hats and slippers of Libform fabrics. One interesting possibility: molded auto upholstery shells which could be filled with polyurethane foam as it is being produced; this would eliminate pre-forming the foam and then upholstering around it.

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Polypropylene Offers Wide Promise

Film And Fiber Developments Spur Interest & Production

ONE of the most versatile plastics yet discovered is polypropylene. It can be used as a resin for molded products such as appliance housings, industrial pipe, housewares, automotive parts; as film for packaging and vacuum packing; as a fiber for rugs, draperies and similar home uses as well as for industrial fabrics requiring strength and for both light-weight and heavy-duty clothing.

Developed in 1954 by Italy's Giulio Natta of the Polytechnic Institute of Milan, polypropylene was first adapted for commercial use by chemical and mining giant Montecatini.

US producers are Eastman Kodak, Hercules Powder, Avisun (American Viscose-Sun Oil venture), Jersey Standard subsidiary Humble Oil, Firestone and Dow. They have a total capacity of about a quarter of a billion pounds which outstrips Montecatini's estimated 80,000,000-pound capacity (in Europe) but the Italian giant is still considered world leader in development and production knowhow. Just two weeks ago Montecatini challenged US producers on home ground—the company's first wholly owned US plant for the production of 30,000,000 pounds of polypropylene resins came on stream in Neal, WVa. Montecatini plans to follow this up with a film plant scheduled for completion early in 1962 and possibly a fiber plant later in the year (both in Neal).

So far nearly all the US production is in the resin sector. Polypropylene-using items like housewares and appliance parts started to come on the market around 1959. In fact, the eager manufacturers are rapidly turning out a temporary surplus of polypropylene resin. But as yet only a few producers are experimenting with or making polypropylene film. At this point Eastman, although it does not make film, is selling film-grade resin to extruders

Ludlow Corp of Needham, Mass and Extrudo-Film of New York. Extrudo is slated to be acquired by Enjay Chemical division of Humble Oil. Thus Eastman stands to lose a customer as Enjay itself will shortly have a film-grade polypropylene resin to supply Extrudo needs.

Hercules Powder reports "it is experimenting with film but at present has no plans to produce it." Firestone "is making film on a limited basis only."

Avisun is the only US chemist producing film-grade resin and commercial quantities of film. By the end of the year the company reports it will be "producing 10,000,000 pounds of resin and film." In addition Montecatini is importing Italian-produced film.

Another new area of polypropylene development is fiber. This is a field with "lots of problems but lots of promise." The talking points are many. Polypropylene fiber is light in weight which in turn permits light-weight fabrics with high coverage. This means more fiber per pound and thus more yardage per dollar. It has high tensile strength, good elasticity and abrasion resistance. It is machine washable, resistant to acids and alkalies and has little or no static electricity which makes for a smooth hand (finish) and no pilling.

Montecatini polypropylene blanket

But above all, polypropylene fiber —derived from propylene, a low cost oil refining by-product—is low in cost. Montecatini can sell fiber produced at its 12,000,000-pound capacity Italian plant at 60¢ a pound. This is about half the estimated US selling price.

Among the first fiber entrants is Eastman Kodak which is producing fiber or staple "on a limited basis for evaluation." Hercules Powder is "producing fiber on a development basis only." It has facilities for production of 12,000,000 pounds annually but operations to date "are not near the capacity figure." Hercules predicts early use of polypropylene fiber in rugs, work clothes and pile liners for outer wear. The company is "very excited about developments in the rug field" and hints there may be some interesting developments after the rug show next month in Chicago.

Firestone's polypropylene plant was completed in early Summer and the company is making "some fiber now." But it is a fiber which cannot be used in textiles. It is a monofilament polypropylene fiber

especially suited for use in making rope and outdoor webbed furniture. Dow's Torrance, Cal plant came on stream in June and currently "is doing extensive work in many areas of polypropylene research—film and fiber" but at present only produces resin. Shell will be the newest member of the polypropylene family with an 80,000,000-pound resin plant on stream in mid-1962.

Other than the chemists, some textile producers are avidly investigating polypropylene fibers. Beaunit Mills "has an open mind on polypropylene fiber production" and currently has "what one might call a pilot stage production process." Another textiler doing developmental fiber research is Reeves Bros.

But perhaps the biggest spur comes from the joint venture of Jersey Standard's Humble Oil (through its Enjay Chemical division) and leading textile producer J P Stevens. The two companies have "done cooperative polypropylene fiber research for the past year" and in August announced plans to acquire jointly National Plastic Products. The companies believe "a combination of Stevens' extensive knowledge in conversion of synthetic fibers to textiles, Humble's skills in synthetic polymer chemistry and National Plastic's operating and mechanical experience in fiber manufacture will accelerate commercial development of polypropylene and other new fibers."

An additional boost may come from original developer Montecatini which may make its fiber knowhow available to US producers.

FISCAL

Decimal Possibilities

BY THE END of the year Britain's bid to join the Common Market may force a decision which *The Financial Times* says "successive governments have been postponing since Gladstone's day" (ca 1868-94)—the adoption of decimal currency. Chancellor of the Exchequer Selwyn Lloyd set this deadline for announcing whether the Conservative government would support such a move.

Besides a motive, the Britons have several examples: Republic of South Africa, South-West Africa, Swaziland, Bechuanaland and others. Some of the possible benefits seen:

- Cutting down on clerical staffs. Australia—also considering such a move—believes it could recoup its conversion costs in about five years.
- Savings on office machinery designed purely for the decimal. Such machines could cost 50% less than the pounds, shilling and pence variety.
- Decimating (which really means reducing by one-tenth) the time schoolchildren spend learning arithmetic.

There would be some corporate beneficiaries of any such move too. They would include makers of cash registers, adding, calculating, accounting and mailing machines, not to mention makers of scales which compute prices, gas pumps, vending machines, pay phones, stamp machines and taximeters. Among the interested companies: Elliott-Automation and National Cash Register.

The Financial Times estimates the machines could be converted or replaced for around £128,000,000.

BANKING
A Thought to Remember

THE CHAIRMAN was in fine fettle. Harold Holmes Helm of the Chemical Bank New York Trust Company grinned at the senior executives assembled in the bank's downtown Manhattan headquarters and said: "I am happy to report our stock just crossed 100." This means Chemical shares have nearly doubled in a year and tripled since 1951 (but are still below 1929's fancy 125).

Then Harold Helm added: "I do not know whether this price is too high or too low. But I want every one of you to know I am confident this team will justify the confidence of our stockholders."

MANAGEMENT
Endicott Johnson Seeks Style

FOR THE first time in its 80-year history, shoemaker Endicott Johnson Corp has gone beyond the founding families and even outside the company itself to find a president. The post was vacated last month when 55-year-old Francis A (Frank) Johnson, co-founder George F Johnson's grandson, moved up to chairman though he remains chief executive officer. The new president is a local boy who made good, Pasquale Joseph "Pat" Casella, a former Montgomery Ward and RCA executive who has stepped into a company beset by everything from red ink to control battles.

But Pat Casella has plenty of sound business experience. He came to Binghamton (leader of a tri-city metropolis which also includes Endicott and Johnson City) from his native Italy as a child. After high school Pat went into business for himself as a tire distributor. A year later he entered the junior executive trainee program of Montgomery Ward, a firm for which he had worked part time while still in school. He completed the training program in 1935 and had advanced to manager of the Baltimore store, the company's second largest, when he left for the Navy. He served under old Montgomery Ward buddy Frank Folsom who was Assistant Chief in Charge of Procurement for the Navy.

After the war Frank Folsom went to RCA. Pat went back to Montgomery Ward but after "Mr Sewell Avery and I tangled horns" in 1954, he took up Frank Folsom's earlier offer and became a vice president of RCA's Canadian subsidiary. In 1956 RCA sent Pat back to Italy to manage its ailing subidiary there. He "restored it to a very good profit position in one year," was rewarded with the presidency of the Canadian subsidiary. In 1953 he became executive vp of the parent company.

From there he was lured to Endicott Johnson this May, starting as executive vp and moving up to president just five months later. This has been the key change in a determined policy of management rejuvenation at EJN as it is known on the Big Board (in the trade the company is simply EJ). In the last year EJN has also brought in four outsiders as vice presidents as it moved to-

ward a more strongly style-conscious and sales-oriented organization. Says chairman Frank Johnson: "We realized the necessity for a change and started formulating plans soon after I became president in 1957. We had lagged behind the parade. We were never in the style field very heavily. We made long-wearing, good value shoes, but style had been lacking. We have now equipped ourselves with a style division. Some of these things we should have started ten years ago. That's why we turned the house bottom-side up and did such a quick about face and the quicker the better."

The new look at EJN has been a costly one. In 1960 it was $1,500,000 in the red—a sum just about equal to 1959's black ink figure. In the first half of 1961 EJN's loss mounted to $2,740,000. Johnson argues: "Most of our competitors have been suffering too," though admittedly not as badly. He adds: "Retail sales have been off for the whole year. When you've already got trouble and you come into a recession, it's even worse. But we will come out of it a much stronger company. It will take a little while to show."

The present quarter, chairman Johnson reports, "is showing some better movement but still far from satisfactory. But we plan so far ahead—what we are working on today, next Fall's line, we won't see the results of for a year."

In the midst of his other problems, Frank Johnson was faced early this year by a takeover threat from Albert List and his Glen Alden Corp, an erstwhile anthracite miner which

Pat Casella examines new shoes

delved into a number of more promising situations. Last December Glen Alden tried to gain a controlling interest through an offer to buy outstanding EJN shares at $30.50. It got 20,000 shares through the offer plus 60,000 shares previously obtained from EJN director J M Kaplan who exchanged his holdings for 140,000 shares of Glen Alden. But EJN management, employes and the townspeople of Binghamton, Endicott and Johnson City rallied against the Glen Alden attempt. A leader in the fight was local businessman Wayne Cawley, president of Cadre Industries Corp who subsequently was granted a place on the EJN board. (Director Kaplan resigned after the stock trade.) The Glen Alden offer and subsequent defensive buying by the EJN forces sent the price of Endicott Johnson shares on the Big Board from 25 on December 29 to 31 on January 4 and then on to 35 (still short of the 41 high of 1959). Glen

Alden capitulated and Albert List sold his holdings to the EJN pension fund.

End of the fight and EJN's poor earnings reports have since driven the price of the stock down to 23. But Frank Johnson, who feels "with the kind of community support we received, the responsibility to perform is that much greater," insists the defeat of the Glen Alden bid was in the best long-range interests of stockholders and community: "In my opinion they would have liquidated the business or moved it out of town." He adds: "Many of our stockholders live right here in this valley." And undoubtedly the Glen Alden threat stimulated the company to more aggressive efforts in coping with its problems.

Pat Casella presents his views: "My reason for wanting to come here is the potential the company has to offer. I know of some of the problems and what can be done about them. Plans and programs are in the making and some have started to be implemented to correct some of the current deficiencies. We have some very serious problems and we're not going to be able to solve them in one or two months.

"We have completely reorganized the production line by bringing in top production and merchandising people, stylists, and designers. Not all of our problems have been in the style end of the business; we have also had some manufacturing difficulties and to bring these under control we have brought in Eli White, a top manufacturing expert, as a vice president." White had been general manager of manufacturing for Genesco.

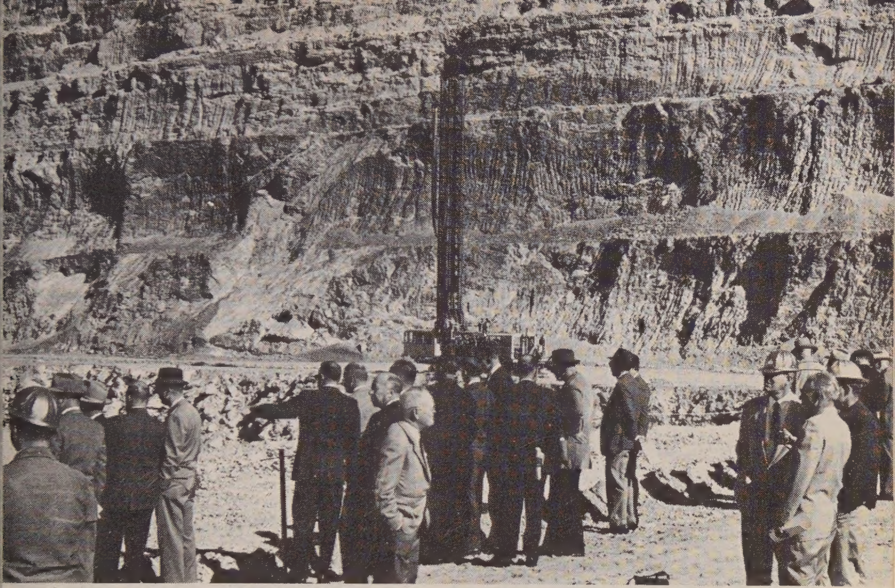
Other innovations at Endicott include the opening of a plant in Ackerman, Miss, the first outside the Northeast, for the manufacture of high style women's shoes. Insulated sneakers which EJN introduced to the teenage market earlier this year "have gone over like wildfire."

Pat Casella expects improvements in management, operations and products will "help toward reducing the losses this year" but he "still sees additional losses in the immediate months ahead." Neither he nor Frank Johnson will venture any prediction on when EJN will return to the black. In any case, it seems unlikely EJN will soon resume the dividend on its common stock which was omitted at the end of 1960 for the first time in 40 years.

MINING
Mission Completed

THE BEIGE-HUED, cactus-populated desert was explored last week by approximately 200 guests of American Smelting & Refining Company who toured 15 miles southwest of Tucson to view Asarco's newly dedicated Mission copper mine. Mission, which was named for the 170-year-old San Xavier Spanish mission nearby, is Asarco's largest US mine, Moreover, in the dedicatory words of Asarco chairman-president John Douglas MacKenzie it is "probably the most modern and up-to-date open pit copper mine in operation."

Continued 65-year-old Mac MacKenzie who has held both top Asarco titles since 1958: "The achieve-



Guests gaze at new Asarco image

ment of which we're particularly proud at Mission is our capital investment saving." Development of the new mine reportedly cost $34,000,000, better than 20% below the $43,500,000 budgeted for it in 1959.

Sales vice president Simon D Strauss explains: "Behind these figures are three factors: 1) construction took place when the business situation in the US was not good so we bought our equipment on favorable terms; 2) we finished six months ahead of schedule and 3) new & improved shovels and trucks enabled us to remove the overburden [rock and soil over the orebody] at much less cost than expected."

For the basic mining operation of removing ore-bearing rock from the pit, Asarco uses three Harnischfeger and two Bucyrus-Erie electric shovels, each with a nine-yard bite, and a fleet of 55-ton Euclid and K W Dart trucks. Asarco mining vice president Adin A Brown calls these giant 600-hp dump trucks the most revolutionary equipment at Mission. They have double the capacity of previously used trucks. Otherwise, he admits Mission's mining and milling methods are streamlined but little changed from those in use for years.

The Mission project began for Asarco when it took property options from the Government in 1953. By 1957 "a sizable copper orebody suitable for open pit mining" was outlined. Also that year Asarco obtained exploration concessions from the Papago Indians on reservation property adjacent to the land it was working. Adin Brown recalls: "This was no small job because each male member of families we were dealing with had to make his mark on the leases. Many of them had strayed from the Tucson area to unknown addresses and we had to track them down." In a part of its lease agreement which drew

praise from Interior Secretary Udall's representative at the mine dedication, Asarco agreed to "make job opportunities available" to the Papagos. So far twelve have been hired.

The open pit itself covers approximately 250 acres. One descends 700 feet to its floor via a series of 40-foot rock ledges or "benches" (see picture). After being blasted, dug and trucked from the pit, the ore-bearing rock goes through a number of crushing and concentrating operations and the resulting copper concentrate (approximately 30% copper) is then carted by rail to Asarco smelters in Hayden, Ariz or El Paso.

While Asarco is not telling the cost of Mission copper, the new mine is reportedly "very economical" because of its proximity to power, transportation, smelting facilities and a large city like Tucson. Also its overburden is relatively soft and easy to strip. Assures vp Strauss: "Mission will have a favorable effect on profits."

That is of course the main purpose of Mission. Traditionally known as a custom smelter & refiner—and it still is the world's largest—Asarco has striven mightily in recent years to cut its dependence on custom business which has produced uncertain and gradually diminishing profits under postwar conditions. Instead, it has built up its own production in copper, the most promising of the three base metals (zinc and lead, in which Asarco remains primarily a custom smelter, have been depressed for most of the past five years).

Mission with an annual capacity of 45,000 tons doubles Asarco's copper capacity from wholly owned properties. Asarco has also increased output from its non-consolidated copper producers (IR, Dec 10, 1958) which include a 51% interest in Southern Peru Copper Corp and 54% in Mount Isa Mines Ltd of Australia. Total non-consolidated copper output is now 200,000 tons a year.

Asarco also has its eye on specialty metals. This year it went into commercial production of high-purity metals such as antimony, arsenic, bismuth, selenium and tellurium.

These new or expanded ventures have capped $93,000,000 in capital expenditures over the past five years. To date resulting profits have not offset such earnings depressants as weak lead & zinc prices, higher taxes in Mexico—a principal Asarco mining site. Earnings fell from $39,800,000 ($6.67 a share) in 1956 to $13,000,000 ($1.74) in 1959. Last year after long strikes profits bounced back to $23,700,000 or $3.72 a share. But this year they relapsed from $3.06 to $2.13 for nine months. However, as vp Strauss outlines, Asarco has a rich vein not to be overlooked in the increasing profitability of its foreign subsidiaries which last year mined undistributed earnings equal to $2.18 a share.

MACHINERY

A Briton at Chicago Pneumatic

THE Chicago Pneumatic Tool Company's operations outside the US and Canada contributed 18% of consolidated sales and 21% of profits in 1960. This year the percentages are expected to rise to 21% and 25% respectively. Further testimony to

the importance and success of overseas activity was the election last May of 55-year-old Norman Readman as president to succeed 66-year-old Guy J Coffey who became chairman & chief executive officer. Norman Readman stepped into the parent company presidency directly from his former job as managing director of wholly owned British subsidiary Consolidated Pneumatic Tool which controls Chicago Pneumatic operations outside the Western Hemisphere.

A beetle-browed Englishman, Norman Readman worked for the Chicago Pneumatic subsidiary for 18 years as secretary, deputy managing director, managing director. He started his business career as apprentice to an accountant in Newcastle-on-Tyne ("where the coals come from"), not far from his native Durham. Later he spent nine years as an "ACA," the British equivalent of a CPA, in the Paris office of Price, Waterhouse.

With a trace of Northumberland burr still in his voice, president Readman describes his new job as "leading an already successful team to still greater effort." The company makes pneumatic and electrical tools which range all the way from $25 scaling hammers to compressors costing more than $50,000. It has generally managed to prosper. In 1960 Chicago Pneumatic realized a healthy 10.9% margin to net $9,348,000 or $2.13 a share on sales of $85,800,000. But with nine-month earnings down to $1.22 a share from $1.57, Wall Street estimates put 1961 earnings at $1.70-to-$1.75 a share.

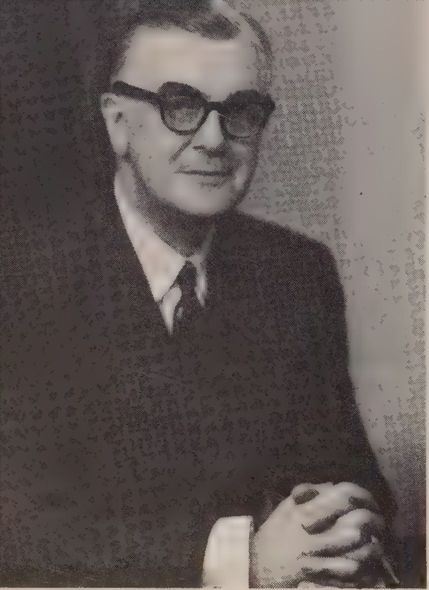
While portly president Readman contends there is always room for domestic growth, particularly in the development of new products and new applications, growth talk inevitably leads him overseas where Chicago Pneumatic is building a new plant in Germany and expanding its existing plants in India and Scotland.

It also operates plants in Australia and South Africa. He says: "There is opportunity for expansion and extension of the compressed air industry in many countries which are becoming more and more industry-minded. Take India. In the old days no one ever thought of making pneumatic tools in India. But because of political and economic developments we came to the conclusion that if we wished to retain our market there we had to manufacture there. We are making steady progress now."

Integration-Minded

In the US and abroad, Chicago Pneumatic is "always looking for businesses which could be integrated" into its operations. While ready to consider any reasonable proposition, "we're very careful in our examinations. We look for a product which is compatible * * * is profitable—or has profit potentialities—and we also look for management." All told Chicago Pneumatic has made four acquisitions in the past eight years, three in the US and one in West Germany.

Norman Readman considers price structure "a significant problem at the present time. Prices are not at the level at which we would like to see them but by reason of the low-



Imported president Readman

priced competition we can't do much to increase our own." The competition is mainly domestic. Readman believes the recovery from recession "is not developing as fast as economists would have us believe. I would guess that there will be an improvement in business—there is everything to point in that direction—but the extent of it I wouldn't like to estimate."

Meantime the 4,390,000 Big Board-listed shares, which have followed a generally rising—though frequently undulating—course from an adjusted price of 4 in 1950 to 38 early this year, have dropped back along with the earnings. Last week they traded around 31. This makes for a 4.4% yield based on the total dividend of $1.35 for each of the last two years. The 1961 total is composed of 30¢ quarterly plus a 15¢ year-end extra, payable right after Christmas.

FOREIGN FRONT
Stocktrading by Keyboard

THE BUILDING in Stockholm which houses the Stock Exchange dates from 1776 and first regulations for stock dealings there were issued in 1862. The building is also where the Nobel Prizes are awarded and houses the Nobel Library.

The Exchange is small and uses the auction or "call" system whereby trading takes place in a single stock at a time. These factors enable it to conduct the actual trading electrically to a far greater extent than any US stock exchange.

The implements which make this possible are several rows of desks with complete electric keyboards. The traders sit behind them and face a big electric scoreboard which illuminates their every bid and offer. Trading is accomplished by incandescent haggling.

At around ten minutes past 10 in the morning, representatives of the 19 exchange members (mostly banks, but a few brokerage firms) file onto the trading floor which is open to the public. Their head offices have supplied them with orders accumulated that morning and the previous day. An exchange official sitting at the head desk in front of the electric board calls out one by one the names on the bond list and then the 135 or so stock issues.

A would-be buyer of bonds or shares presses buttons indicating the price he is willing to bid; a potential seller presses different buttons to light up his offer. At first there is a spread, then someone gives a little. Finally to clinch the deal one party or

the other presses a button setting off a bell. Quickly and quietly the deal is consummated.

This is a stark contrast to the Paris stock exchange (IR, February 1) where the list is read in similar fashion but the members—considerably more in number—scream their prices amid general bedlam. But on both the Paris and Stockholm exchanges the one-by-one trading method during official trading hours sharply limits turnover. In the US as well as in London, Toronto or Tokyo where public participation and volume of shares traded are much greater, such a procedure would be far too cumbersome.

When the bond and share lists plus a second list of less active bonds have been read once, the Swedish bankers and brokers retire to an adjacent room where each has booths with phones and wires connected to their home office. Dealings in this over-the-booth fashion go on through the afternoon.

In Sweden public participation in the stock market is quite small and trading by non-residents is kept down by government restrictions. Foreigners may only own "B" shares, the "A" shares being held by citizens. Only proceeds from previously held Swedish shares may be used for new purchases by non-residents. Thus Swedish shares held in other countries trade at a 17-to-20% premium over the Swedish market; the premium has been as high as 40%.

However, the Swedish list contains some well-known companies—Volvo, SKF (Swedish Ball Bearing) and LM Ericsson Telephone.

WALL STREET
Big Board Novices

ONCE AGAIN the New York Stock Exchange is welcoming a record number of newcomers to its trading list this year. As itemized on the four following pages, 56 companies have brought their common stocks to the Big Board since the last annual INVESTOR'S READER roundup (December 7, 1960). The tally includes a handful still in the final processing stage but does not count Perkin-Elmer and Mountain States Fuel whose applications were already pending a year ago. The current crop tops last year's group by one and is a dozen names longer than any earlier list of newcomers.

The neophytes produce everything from staplers to starches. As usual there is a goodly number of electronics companies and a variety of machinery & instrument producers. In the latter category is American Meter which traces its history back to 1836 and thus ranks as the oldest of the new listees.

Among other industrial groupings frequently represented in past years, the current list shows only one full-fledged drug producer (Baxter) along with three well-known cosmeticians (Curtis, Factor, Lanvin). The recent boom in publishing stocks is reflected by the Big Board debuts of Harcourt Brace, Ginn and Random House.

The newcomers include five utilities. Pipeliner Texas Eastern Transmission with $900,000,000 assets and electricity supplier Duke Power with $800,000,000 are the largest domestic companies among those mak-

ing their bow on the Big Board.

Another major group of new and substantial listees consists of six financial companies, headed by the M A Hanna Company with over half a billion assets. Among industrials, the largest newcomers (measured by sales) are the two food chains, Red Owl with $223,000,000 volume last year and Von's with $180,000,000.

But the prize for size easily goes to new applicants Unilever Ltd and Unilever NV which jointly operate the worldwide Unilever empire (IR, January 18). They have applied for listing of their American Depositary Receipts (ADRs) which represent respectively four of the five-shilling Ltd shares (the British stock has just been split 4-for-1 but the ADRs remain on the old basis) and 20-florin par in N V stock. Up to now American trading has been in 50-florin units of N V (quoted around 130) so

NEW LISTINGS ON THE

Adjusted for stock splits,

Company	Chief Business	Business Founded	Date Listed
			1960
Perkin-Elmer	Infrared, optical systems, mostly for Govt	1937	Dec 13
*Avnet Electronics	Electrical connectors, stereo equip	1955	Dec 30
			1961
Mountain Fuel Supply	Nat gas to most of Utah, SW Wyoming	1928	Jan 9
Burndy Corp	Solderless electrical connectors	1924	Jan 12
Fla East Coast Railway	Just out of 30-year bankruptcy	1892	Jan 16
Green Shoe Manufacturing	High-quality Stride-Rite shoes for children	1919	Jan 20
Thor Power Tool	Portable air and electric tools	1893	Jan 27
Standard Pressed Steel	Industrial fasteners; steel furniture	1903	Feb 27
*American Meter	Gas meters & accessories (93%); water mtr	1836	Mar 7
Amer Research & Dev	Invests largely in science, elec cos.	1946	Mar 8
Hewlett-Packard	Electronic precision measuring instruments	1939	Mar 17
Helene Curtis Industs "A"	Lentheric; Kings Men; Spray Net; Stopette	1927	Apr 10
*Bobbie Brooks Inc	Fashions for gals "aged 15-to-29"	1939	Apr 11
Eurofund Inc	Invests mostly in European stocks	1959	Apr 13
Foxboro Company	Recording & control instruments	1907	Apr 17
*Max Factor & Co "A"	Hollywood-based cosmetics veteran	1909	Apr 19
Transwestern Pipeline	Nat gas from Texas to Calif	1957	May 1
*Continental Air Lines	LA to Denver, Chicago & SW	1934	May 9
Baxter Laboratories	Big in intravenous solutions, enzymes	1931	May 15
Harcourt, Brace & World	No 1 in HS, big in college texts; genl books	1919	Jun 5
Texas Eastern Transmission	Big Inch; Little Big Inch	1947	Jun 14
Ginn & Company	No 2 in elem, No 3 in HS, some collg texts	1867	Jun 19
Red Owl Stores	No 14 food chain; based in Minn	1922	Jun 21
Xerox Corp	Xerographic, photocopy equip & supplies	1906	Jul 11
*Duke Power	50 Carolina Piedmont counties; 2,455,000 pop	1917	Jul 12
Fram Corp	Filters, mainly for autos & trucks	1931	Jul 17
*Leesona Corp	Textile machinery; fuel cell research	1893	Aug 8
Arizona Public Service	73% elec, 27% nat gas; serves most of Ariz.	1920	Aug 28

NOTE: Fiscal years ended on or before June 30, 1961 shown under 1960 earnings column. Shares outstanding are total for all classes of common stock.

the Big Board listing has the effect of a 2½-for-1 split. The second largest foreign company in the world after Royal Dutch/Shell, the Unilever group boasts assets of $2 billion and sales of almost $4 billion.

Most of the newcomers are steady dividend payers—as indeed are the bulk of the securities already on the Exchange (87% of all Big Board stocks paid dividends in 1960). While the payouts listed in the table cover only 1961, some companies have already declared their first 1962 distribution—including a payment boost for Fram and Xerox. Also two new 2-for-1 splits are impending: by Baxter Labs this week, American Meter in April.

However twelve companies, one-fifth of the current debutants, pay no dividends—at least in cash. This would have been heresy a few years back when stock virtually had to be

ORK STOCK EXCHANGE

lends and recapitalizations

res nding ands)	A Share: Earnings, Latest 12 months	Earnings, 1960	Earnings, 1959	Cash Dividends, 1961 Indicated	Cash Dividends, 1960	Cash Dividends, 1959	Cash Dividends Ea Year Since	Ticker Symbol	Approx Market Price
256	$1.05	$1.05	$ .80	none	none	none	—	PKN	54
122	.66	.65	.76	$ .25	none	none	1961	AVT	29
189	1.93	1.87	1.77	1.40	$1.25	$1.20	1935	MFS	41
172	1.10	1.11	.84	.60	.60	.60	1956	BDC	27
140	d2.10	d1.83	d1.74	none	none	none	—	FLA	5
52	1.54	1.52	1.53	1.00	.66	.51	1942	GSR	33
721	1.60	1.74	2.05	1.60	1.60	1.60	1915	TPT	30
759	.58	.95	1.88	.31	.30	.29	1926	SDP	22
733	4.10	4.39	4.73	2.00	1.90	1.90	1936	AEM	60
535	.14	.10	.10	.28	.46	.43	1959	ARD	30
518	.47	.43	.40	none	none	none	—	HWP	34
045	1.67	1.58	1.23	.77	.62	.48	1956	HC	52
320	1.49	1.47	1.25	.55	.39	.26	1947	BBK	53
554	.20	.21	.09	none	.33	none	1960	EFD	20
142	1.89	1.75	1.25	.70	.58	.50	1916	FOX	70
113	1.86	1.76	1.63	.80	.77	.74	1932	FAC	64
000	.40	Just started		none	none	none	—	TWP	13
784	.41	.93	.93	none	none	none	—	CAL	8
327	1.37	1.51	1.42	.51	.46	.41	1934	BAX	70
546	NA	1.08	1.02	.50	.40	.40	1922	HBW	41
62	.98	1.04	.74	.77	.70	.70	1950	TET	18
327	1.07	.83	.82	.42	.30	.20	1949	GNN	30
98	3.41	3.72	3.53	1.60	1.60	1.50	1933	ROS	66
73	1.11	.67	.60	.25	.25	.20	1930	XRX	133
101	2.10	2.20	2.16	1.60	1.45	1.40	1926	DUK	62
79	2.18	2.13	2.15	1.02	.91	.83	1940	FRC	32
22	2.43	3.11	2.89	.50	.50	.25	1959	LSO	37
24	1.12	1.03	.96	.69	.60	.60	1920	AZP	41

idends include all cash disbursements during calendar year.
—Previously listed on American Stock Exchange. N A—Not available.

Continued on page 14

on a dividend basis to be considered for listing. And as late as four years ago only three of the 45 newcomers to the Big Board were non-payers.

The new trend is marked by the eagerness of the Exchange to accept representation of a type of company which has mushroomed in recent years—especially but far from exclusively in fields like electronics. These ambitious companies want to save all their pennies to build up their size at a maximum rate. Also in some cases stiff dividend restrictions are imposed by a company's borrowing agreement. Otherwise most of the newcomers would at least in theory be capable of payouts since they must meet the NYSE requirement of "demonstrated" earnings power of at least $1,000,000 annually.

An unhappy exception is the Florida East Coast Railway which had been in bankruptcy from 1931 till the end of last year. But though

MORE NEWCOMERS ON TH

Continued from page 13

Company	Chief Business	Business Founded	Date Listed 1961
Packaging Corp of America	Corrugated containers 45%; cartons 25%	1903	Aug 29
*Electric Bond & Share	Utility hold co switched into invest co	1905	Sep 6
Alside Inc	Alum lap siding, paneling & accessories	1947	Sep 1
McNeil Mach & Engineering	Tire vulcanizing presses; lube equip; pumps	1862	Sep 1
North American Coal	Soft coal, mostly for utilities; alum	1913	Sep 1
*Hazeltine Corp	Air identification, radar, sonobuoys, etc	1924	Sep 19
Random House	Bennett Cerf's publishing house; Knopf's too	1925	Sep 20
*Leonard Refineries	Mich oil refiner & marketer	1936	Sep 2
Harvey Aluminum "A"	Primary aluminum; extrusions, forgings	1914	Sep 2
Lanvin-Parfums Inc	Imports, distributes Arpege, My Sin	1927	Sep 29
Friden Inc	Calculators; data processing equip	1934	Oct 2
Baker Oil Tools	Oil & gas well tools & equip	1913	Oct 3
*Cenco Instruments	Leader in school, indust lab & science equip	1888	Oct 6
*Wickes Corp	One-stop lumber yards; mach tools; boilers	1869	Oct 1
*Fairchild Camera & Instr	Air recon systs; indust cameras electronics	1920	Oct 2
Von's Grocery	75 supermarts in Southern Cal	1932	Oct 2
*National Starch & Chem	Starches, adhesives, plastics	1928	Oct 2
Ceco Steel Products	Steel products for construction ind	1912	Oct 2
Financial Federation	Calif savings & loan holding co	1959	Oct 3
Hallicrafters Company	Govt electronics; organs, ham & coml radios	1934	Nov
Air Products & Chemicals	Oxygen, nitrogen; cryogenics	1940	Nov 1
Apco Oil	Took over Anderson-Prichard's refining biz	1960	Nov 1
Swingline Inc "A"	Staplers, looseleaf, other office supplies	1925	Nov 1
United Financial Corp of Cal	Savings & loan holding co	1959	Nov 2
*Murphy Corp	Oil & gas producer, refiner	1946	Dec 4
Unilever Ltd "ADR"	Worldwide soaps, margarine, fats	1885	Dec 1
Unilever N V "ADR"	The other Unilever twin	1870	Dec 1
M A Hanna Company	Now full-fledged investment company	1867	Dec 1
Laboratory for Electronics	Radar systems & electronic components	1946	Pendin
Stouffer Foods	Restaurant chain, frozen cooked foods	1923	Pendin

it emerged from the court with its capitalization streamlined and interest charges sharply reduced, it has been unable to earn even these reduced fixed charges in recent years and is running deep in the red.

With the big influx of newcomers, 1,162 companies now have stock listed on the NYSE. This compares with 1,143 a year ago. As usual, the additions have been partly offset by stocks dropped from listing.

The drop-outs included some more sugar companies with Castro trouble; also United Industrial which encountered serious problems under its former management and fell below New York Stock Exchange requirements as to assets and earnings.

Some departures were for technical reasons. Universal Pictures was delisted because most of its stock is held by Decca Records. Coca-Cola International (a holding company for some Coca-Cola stock)

W YORK STOCK EXCHANGE

	A Share						Cash		
hares	Earnings			Cash Dividends			Dividends		Approx
tanding usands)	Latest 12 months	1960	1959	1961 Indicated	1960	1959	Ea Year Since	Ticker Symbol	Market Price
,958	$1.06	$ .97	$1.61	$ .70	$ .99	$1.27	1937	PKG	20
,250	1.05	1.20	1.43	1.20	1.20	1.35	1956	EBS	33
,865	.89	.86	.77	.55	.27	N A	1947	ASD	30
,363	2.69	3.70	2.70	.99	.95	.86	1951	MME	33
,590	.79	.67	.42	.60	.60	.60	1947	NCO	16
,568	1.35	1.65	1.74	.80	.78	.72	1933	HZ	30
,278	N A	1.12	1.06	none	none	none	—	RH	28
,211	.96	1.37	1.15	.60	.46	.46	1939	LNR	12
,750	1.24	1.05	1.12	1.15	.50	none	1960	HAR	28
,240	.92	.84	.71	.08	none	none	1961	LNV	39
,832	1.44	1.58	1.09	.39	.34	.31	1946	FR	53
,406	.78	.67	.67	.39	.37	.16	1956	BKO	11
,071	1.40	1.39	1.13	.40	.30	.30	1950	CNC	67
,788	2.15	2.15	1.67	.85	.65	.45	1895	WIX	47
,491	1.84	1.53	1.00	.50	.25	.25	1936	FCI	64
,120	1.18	1.13	.88	.75	.38	.37	1951	VON	28
,115	1.70	1.55	1.61	.60	.59	.58	1942	NSC	52
,001	2.34	1.82	2.51	1.20	1.20	1.20	1921	CCP	30
,495	2.57	3.88	5.14	none	.09	none	—	FFI	160
,226	.75	.45	.33	none	none	none	—	HLF	27
,407	2.46	1.60	1.00	.20	.19	.19	1954	APD	76
,259	2.57	2.18	New	none	none	none	—	AOL	25
,050	1.96	1.51	1.14	1.00	none	none	1961	SWL	47
,556	2.59	1.85	1.17	none	none	none	—	UFL	66
,781	1.43	1.36	1.34	.50	none	none	1961	MUR	24
,703	1.77	1.83	2.15	.26	.50	.30	1937		24
,981	2.96	3.06	3.59	.72	1.46	.88	1945		52
,349	.97	.96	.93	1.00	.75	.75	1934		35
,298	N A	1.62	1.02	none	none	none	—		35
,186	1.32	1.24	1.16	.40	.38	.37	1936		50

had too few remaining shares and stockholders. Standard Gas & Electric finally dissolved after 15 years of liquidation proceedings (IR, September 27).

Anderson-Prichard Oil Corp, which departed in January, also went out of business. It sold its producing properties to Union Texas Natural Gasoline while its refining & marketing facilities were taken over by newly formed Apco Oil—which just moved on the Big Board last month. Incidentally, Union Texas (which trades over-the-counter) may in turn soon disappear from the market; it is considering merger into veteran Big Board listee Allied Chemical.

The current newcomer crop includes 15 companies which served apprenticeships on the American Stock Exchange. But for Bobbie Brooks and Leesona the apprenticeship lasted less than two years. Numerically, graduations to the Big Board have hardly dented the Amex roster. The junior board's continued aggressive campaign to add to its listings brought in 104 new companies to lift its total to 908.

Of course, in overall size there is little challenge to the Big Board which in dollar value handles 80% of all US exchange trading. And its list has grown from 1.7 billion shares valued at $64.7 billion in 1929 to just about 7 billion shares with $372 billion market value. As one promise of further growth, New York Stock Exchange prexy Keith Funston last week predicted the number of shares would double in the next decade.

BUILDING MATERIALS

Hardboard Specialist Masonite Builds With More Board

IN AN ERA when the corporate tendency is toward diversification, $84,000,000-assets Masonite Corp is staking its future on variations of its sole product, hardboard. In order to maintain its dominant position (about 60% of domestic output) and compete with rival plywood and aluminum products, Masonite's research department at St Charles, Ill (due west of its Chicago headquarters) is busily engaged in an extensive program of new product development.

One recent product is low-density (the fibers are not compressed together as tightly as in standard Masonite) hardboard lap siding which has "the added advantage of being prime-coated and back-sealed." Its lower density "makes it easier for carpenters to tool."

X-Citement

It is called "X" Siding. Masonite president John Mercer Coates sidelights the origin of the name: "Since we didn't have a name, we decided to hold a contest for our dealers with a Honolulu trip as first prize. In the interim we used 'X'. It took hold so well we continued to use it although another name won."

John Coates happily reports "X" Siding "gained almost immediate acceptability" when introduced a year ago. Currently sales "are going well beyond our expectations." The 55-year-old president reports "X" Siding already "outstrips the sales of all our other siding * * * If this momentum continues, we can expect

by the end of next year 'X' Siding will be accounting for a very substantial part of our volume."

A new family of improved pre-finished wood grained panels will make its debut this month at the National Association of Home Builders Show. This "500 Series" of Royalcote panels will be priced "the same as present walnut panels" and "will compete with existing pre-finished plywood products."

Masonite also plans to introduce a general use panel for farms "by Spring;" it is now being tested in Iowa. John Coates states there has been "great interest from the farm area" since this is the first panel for general "all over" farm use.

The company is working on an exterior home siding of plastic-coated hardboard which has the appearance of fine lap lumber siding. Pre-finished with a polyester plastic material developed by the Pittsburgh Paint Company, the siding will need less repainting. It will be priced competitively with aluminum sidings. This Summer Masonite announced the product would be ready "within two years" but president Coates hopes "we will have it ready in a period of months." However, "at present, we only have a pilot operation in Illinois."

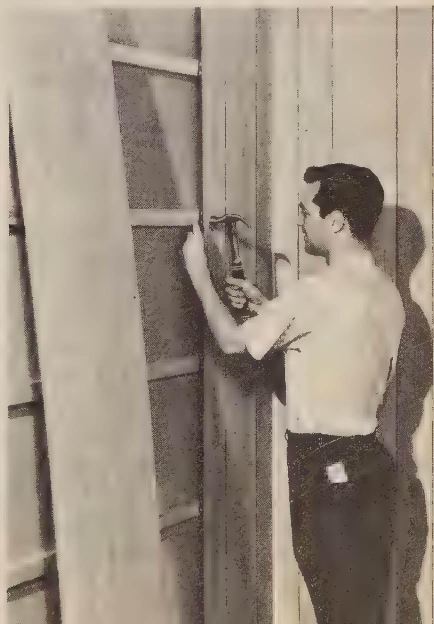
Hardboard products manufactured in Masonite's two wood fiber board mills (the Laurel, Miss plant is the world's largest) and seven fabricating plants are sold "roughly half & half" to general industry and the building materials field. Industrial users of unfinished hardboard include auto, furniture, radio & TV and toy makers.

In addition to selling directly to six large fabricators, Masonite distributes its unprocessed hardboard, exterior siding, pre-finished interior panels, pegboard perforated panels and plastic-coated Marlite panels through wholesalers to over 18,000 lumber dealers.

The company has licensing arrangements in Sweden, Italy and Australia and partly owns Canadian and South African subsidiaries. But it looks predominantly to new domestic markets for increased sales and earnings. Although the amount of hardboard used in new home construction is increasing, modernization offers a "very large" market for Masonite products. President Coates states "Masonite hardboard goes over cracked plaster with a minimum of work. Our thin boards even go over uneven spots."

To foster dealer interest, Masonite

Masonite for hammer handlers



this year formulated the "Design-Service-Counsel" program to develop lumber dealer contracts for modernization work. Besides the professional builder, the do-it-your-selfer is also a natural Masonite customer. Executive Coates comments: "Anyone who can handle a hammer and saw can handle our material."

While hardboard is Masonite's chief business, the company also derives some oil income in Mississippi where it leases out 43 producing wells on a small part of its 321,500-acre timber reserve. The company operates one well itself. Elsewhere the company owns 71,500 acres in Mendocino County, Cal. Masonite is preserving all its forest lands strictly for the future—it purchases all pulp needs from outside sources.

For the year ended August 1961 sales of "X" Siding helped to counteract lower auto and furniture sales and pushed volume up 4% over the previous year to $71,350,000. But strong competition among hardboard producers and makers of rival products along with a second quarter strike caused net profits to slip 18% from fiscal 1960 to $2.23, less than half the peak $4.98 registered in fiscal 1956.

John Coates reports Masonite built up "quite large volume" in the final quarter of the last fiscal year and sales "have continued at a fairly good level" through the November quarter just ended. While the Masonite chief refuses to hazard a fiscal 1962 estimate, Wall Streeters look for a slight improvement in full year results.

The price of the 1,624,000 Masonite shares has followed the company's financial performance. Known on the Big Board as MNC, the stock peaked at 51 in 1956, traded in a 39-to-27 range last year. It presently sells around 30, five points off this year's high.

MANUFACTURING

King-Seeley Thermos Steps Away from Former Auto Equipment Reliance

HAVING devoted himself almost entirely to King-Seeley for 37 years, president Arthur Neil Gustine has no intention to slacken his efforts now. Both his daughters are going to be married in the next few months but the happy father of the brides sees no reason for the festivities to interrupt his working stride: "After all, the weddings will be on Saturdays."

Hard-working Neil Gustine has nurtured King-Seeley from a one-room, one-product outfit to a $34,-000,000-assets company with 4,500 employes and eight plants from Norwich, Conn to Anaheim, Cal. "When I started in 1924," he reminisces, "we were on the second floor over a garage and had 20 employes."

He joined King-Seeley as a draftsman three years after getting his engineer's degree from the University of Michigan and five years after the company was formed in Ann Arbor by hydraulics professor Horace W King and three brothers named Seeley. After working as purchasing agent, factory manager and eventually general manager, Neil Gustine became top executive in 1947. The only member of the founding fami-

lies still with the company is a son, Miles G Seeley who is a director. G Richard Gustine, ten years younger but brother Neil's darker look alike, is a vice president.

The company's first product was a gasoline gauge. It remained the only product until 1929 when King-Seeley added an auto heat indicator. The company has since expanded to take in the rest of the instrument panel with oil gauges, speedometers, ammeters, electric clocks; in fact, it also makes the panel housing.

Today King-Seeley still reigns as an important supplier to Ford, Chrys-er, American Motors and other car & truck makers. But auto equipment accounts for only a fifth of volume against roughly 65% in 1951.

Last week in a makeshift office (his own was being redecorated) at Ann Arbor headquarters, Neil Gus-ine admitted: "We've worked hard for ten years to get this diversifica-ion." He believes dependence on one ndustry, especially one as cyclical as he auto business, "was a dangerous situation." But now more stable con-umer products such as vacuum ware, outdoor recreational equipment, power tools (the latter all sold by Sears under the Craftsman label) bring in half King-Seeley's volume. The remaining 30% comes from ommercial & industrial items includ-ng ice-making and ice-vending ma-hines, appliance controls, deburring and metal finishing machines.

With the exception of electrical controls for appliances such as inter-val timers, roasting and dryer con-rols, all King-Seeley's non-auto prod-ucts have been added by acquisition.

Industrious Neil Gustine

In December 1960 the company closed its biggest deal when it acquired American Thermos Products of Norwich, Conn which was roughly two-thirds the size of King-Seeley. It had 1959 sales of $31,000,000. Just prior to the merger King-Seeley split 2-for-1 and then paid 724,000 new shares for Thermos. The enlarged outfit then broadened its name to King-Seeley Thermos Company.

The present 1,650,000 shares (16% closely held by officers, directors & their families) trade on the Big Board under old ticker symbol KSY. After dipping below 20 in late Summer, the stock had by last week pushed up again to within a fraction of this April's alltime high of 26⅜. It pays 25¢ quarterly.

American Thermos is older than its parent, dates back to 1907. It makes the famed Thermos vacuum bottle and is by far the largest factor in its field, "accounting for over half the market."

The vacuum ware maker had another valuable asset in its dowry:

established operations in Scarborough, Ontario and overseas in London. They represent King-Seeley's first foothold outside the US. President Gustine allows: "We are studying the addition of a lot of other products in these markets."

With a horde of folks tripping to the country and the promise of even more leisure to come, Neil Gustine has assured his company a share of the recreational boom. While "camping was only a minor factor with Thermos," it neatly dovetails with another King-Seeley acquisition, Queen Products of Albert Lea (90 miles from Minneapolis). The earnest executive explains: "We got a lot of diversification with Queen" which, besides Scotsman ice making machines, makes lanterns, camp stoves and ice chests. The outdoor items now are all sold by Thermos along with Pop-Tents, a 1958 addition.

To further its identification with the buying public, King-Seeley has recently joined the corporate symbol bandwagon (see picture). Remarks Neil Gustine: "We had no reason to pay much attention to that type of thing in the past." And while Coleman Company of Wichita is the big light in camping stoves & lanterns, Neil Gustine confidently reasserts a prediction he made a year and a half ago: "We are going to be big in this [camping] business."

But the Thermos merger also "involved a lot of additional expenses." Moreover, during the past year King-Seeley dropped its electric fan and heater business—"it's tough to predict both the economy and weather." This amputation plus the fact the company's July fiscal year bracketed the recession caused sales to drop 7% to $73,700,000. Profits fell 20% to $2,600,000 or $1.57 a share from $1.96 in fiscal 1960.

In the year which will end next July president Gustine figures "we will do better." The company is on its way. On a slight volume increase in the first (October) quarter, earnings rose to 55¢ a share from 38¢. On a pro forma basis, top profits year for King-Seeley Thermos was 1955 when it netted $2.23 a share.

In fiscal 1961 "most of our lines were off." However ice machines gained "very substantially and will increase again this year." Scotsman ice-makers range in capacity from 50 pounds to two tons daily, are sold to motels, restaurants, bars, supermarkets. The company also makes a unit to dispense flaked ice in soft drink vending machines. Altogether ice, recreational equipment and appliance controls show the greatest potential, Neil Gustine believes. He hints: "Something new has opened in controls but I can't talk about it yet."

President Gustine is not averse to further acquisitions either; "we are always looking." And they might put King-Seeley into other fields for "we are never fixed in our ideas. If we'd set up boundaries, we'd never have gone after [Queen] camping equipment. Then when we were redesigning that line in early 1960 we thought Holiday would be a good brand name. We found out American Thermos used it on some of its products" which began King-Seeley's courtship

United Biscuit Strives for Union

Ed Hekman Leads Drive To Unify Management, Brands; Plants Are Modernized

THE SIGN outside the modern, glass-fronted 1½-story office & plant in Chicago suburb Melrose Park simply said Sawyer Biscuit Company. Except for a smaller reference to brand name Town House Crackers there was no hint that this was the headquarters of the United Biscuit Company of America. Besides, as the friendly receptionist concedes, "our divisional name was changed from Sawyer to Supreme Bakers division last year."

Energetic shirt-sleeved president Edward J Hekman comes in from an inspection of the plant and tells the visitor: "We'd have been in a considerably bigger hurry to change that sign out front except that we're engaged in a bigger long-range plan which will bring a lot more permanent changes." Ed Hekman, whose grandfather in 1893 founded the Grand Rapids, Mich bakery which became one of the United Biscuit components in 1927, has been president since early last year and his main task is to make a united company out of United Biscuit.

Like many food companies, United was built by the accumulation of small family companies, mainly during the Twenties. By 1931 the union consisted of 17 biscuit companies and a carton plant. But each constituent company retained unusual autonomy. Ed Hekman explained: "Each set its own prices, ran its own marketing, maintained its own cash program. Headquarters provided a little overall supervision and legal and financial services."

Ed Hekman started at the Hekman division right after graduating from Calvin College in Grand Rapids in 1935. By 1951 he was president of the division and though he added a parent company vp's title in 1954 he stayed in Grand Rapids till he took over the top job at Melrose Park.

A Navy veteran who enjoys a fast game of tennis or squash, the husky 47-year-old executive outlines: "Now we plan to make one biscuit company. The program will take three-to-five years but we have made quite a few changes already. We hope by next April to have our house in order so we'll have some concrete results to show."

Top Turnover

In one of the first corporate moves William H Armstrong, a 28-year veteran at company headquarters, was promoted from secretary-treasurer to the new post of financial vp in March 1960 and further advanced to the new post of executive vp last month. In addition, directors last month created and filled four new vice presidencies: manufacturing, control, sales, industrial relations.

There have also been a number of top level departures in the past two years. Kenneth F MacLellan Jr, son of the former chairman-president, quit a year ago. He had been head of the Melrose Park division and a director. George Strietmann, 56-year-old head of the huge Strietmann

division in Cincinnati, who was named corporate chairman in 1960, quit this additional post in April. Then this Summer, after directors adopted the unification plan he opposed, he resigned his Strietmann job though he remains on the board.

However, Ed Hekman insists: "Overall, the unification program has been received with real enthusiasm and sincere backing at all levels of management." He exults: "By next year we will have unified standards for the whole company. And having one manufacturing department should realize major economies. Instead of each bakery having all the equipment for a full line of products, we intend to make each of our plants specialists in certain products which they will supply to a much larger area." This ties in closely with the massive modernizations of manufacturing facilities now nearing completion. Bill Armstrong points out: "To have made each plant self-sufficient, the cost would have been stratospheric." There will be plenty of flexibility and "if it becomes desirable, we can even shift machinery around from one plant to another."

Ed Hekman describes the modernization motive: "If you've never seen an old plant, the dough went through the ovens in something like a ferris wheel and after it was baked attendants had to take the cookies off by fingers." By contrast, in a modern band-oven bakery the dough proceeds on a conveyer belt through the 300-foot long oven and other processing steps right to the final packaging.

The latest United band-oven bakery is the $10,000,000 plant in Denver which was delayed by a lengthy construction strike but started operating this Summer and has its first line going around the clock. Full operation is expected by early next year. Other modern band-oven plants are in Melrose Park, Grand Rapids, Philadelphia, Cincinnati and Macon, Ga. An older plant remains in Omaha.

Meantime the old Denver bakery is slated to close by December 15. Other old plants in Fargo, ND, Sioux Falls, SD, Salt Lake City and Nashville were closed during the past two years.

All told, United will have 23 band-ovens when Denver is completely operative. The new band-ovens offer "substantial" savings. They permit "a high degree of automation" in flour, shortening and other raw material preparation in addition to direct labor savings.

Supreme Concentration

The modern high-volume specialized plants in turn required brand unification rather than the profusion of individual trademarks which were United's heritage. So far the Bowman (Denver), Merchants (Omaha) and Melrose Park divisions have all adopted "Supreme" as their principal brand. Originally a Bowman brand, Supreme now represents United Biscuit in the entire Southwest and from Indiana to the Rockies (United has never invaded the West Coast).

Still using their old familiar family identification are the other three divisions: 1) Hekman which serves Michigan, northern Ohio and western Pennsylvania from Grand Rapids; 2) Keebler whose Philadel-

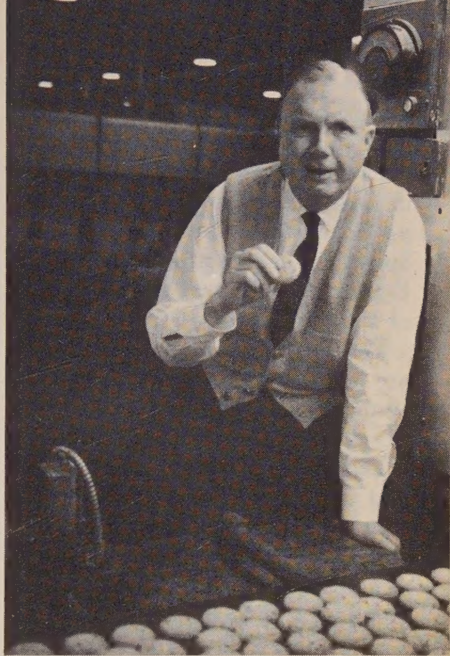
phia plant covers most of the Middle Atlantic area and 3) Cincinnati-based Strietmann whose territory has now been extended to the Gulf and South Atlantic states.

One factor which demands caution in moving toward a single national brand is strong local brand identification and the competitive danger involved when the long-familiar package disappears from the shelf and the housewife is asked to switch—"even if it's the identical cracker with simply a new label." This is especially true for saltines, the single most important product which accounts for about one-fifth of biscuit industry volume.

Even so, the corporate and brand unification program is moving ahead. Aside from manufacturing economies, Ed Hekman looks to "sizable savings in purchasing, including such things as standardized cartons." He also looks for a "substantial sales increase because you can reach the consumer better. We will probably spend more for advertising but get more mileage out of each dollar because we can take advantage of national media."

As one of these modernization steps, United sold its paper properties in 1960. Financial expert Armstrong explained: "They were becoming marginal. We would have had to spend an estimated \$4-to-4½ million to make them modern and we could not see doing that. We're buying packaging material at less cost."

United's unification efforts were no doubt inspired by a substantial decline in earnings and an even greater drop in profit margins. In



Biscuit modernizer Hekman

1950 the company had netted \$5,040,000 or \$4.92 a share on sales of \$92,000,000. In 1958 volume topped \$136,000,000 but income had fallen to \$1.85. The next year the profits fell to \$1.54 a share but this was after 58¢ in special charges. Similarly however the increase in earnings to \$2.26 last year was due largely to the fact that the 55¢ a share capital gain from sale of the paper plants offset the non-recurring expenses from plant closings, etc.

So far this year biscuit sales have lagged about 4% behind 1960. Bill Armstrong notes there was "an uptrend in the second quarter but it didn't last." However October was ahead of last year and November was good. Full-year sales should come close to the \$124,000,000 biscuit sales of 1960. Earnings for the first nine months came to \$1.19 a share

against $1.65 a year ago. For the final quarter "the imponderable is the Denver plant but if there are no unpleasant surprises there we should do better than the 53¢ earned on operations in the last quarter of 1960. Earnings for the year could be $1.75 or slightly better."

For the next year the United bosses are considerably more optimistic. With Denver almost completed, the big capital expenditure program, which came to $8,780,000 in 1960 and approximately $5,000,000 this year, probably will not exceed $2,500,000 in 1962. This would be well within depreciation which has been running at $3,000,000-plus.

Meantime Bill Armstrong points out "by having a centralized cash program and controlling all disbursements here, we no longer need large regional bank balances and have been able to pay for our modernization program without borrowing." Cash items have been drawn down from $12,900,000 in 1952 to $4,000,000 in 1960 but long-term debt has been reduced from $18,000,000 to $12,000,000 in the same period and the 88,000 preferred shares were retired last year.

This leaves 951,000 shares of common stock which trade on the Big Board around 40. They were as high as 45 earlier this year. This compares with a 33-to-24 range in peak earnings year 1950. The present price is over 20 times estimated current earnings and the present 25¢ quarterly dividend (up from 20¢ at the start of this year but well below the rate maintained during most of the Fifties) provides a yield of 2.5%.

And even during the years of United's greatest adversity the price did not drop below 22. Bill Armstrong attributes the rather stable showing of the stock to the fact the market for it is rather thin (despite over 6,000 public holders) and that there was little pressure to sell.

Vice president Armstrong notes the company has been able to put into effect a small price rise on selected items this Fall but it amounted to less than the cost of wage increases in November. However he thinks "the economies of our new operation can offset" the higher pay. He adds: "If we do manage an appreciable increase in earnings next year—and I think $2.50-to-3 would be attainable—we will probably take another look at the dividend. Personally I would like to see a 50-to-55% payout."

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